

MARKET UPDATE

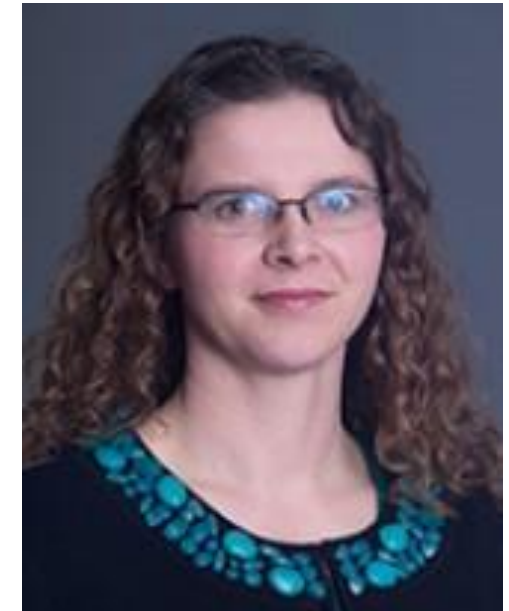


Canadian Beef Market Update & Outlook

March 2021

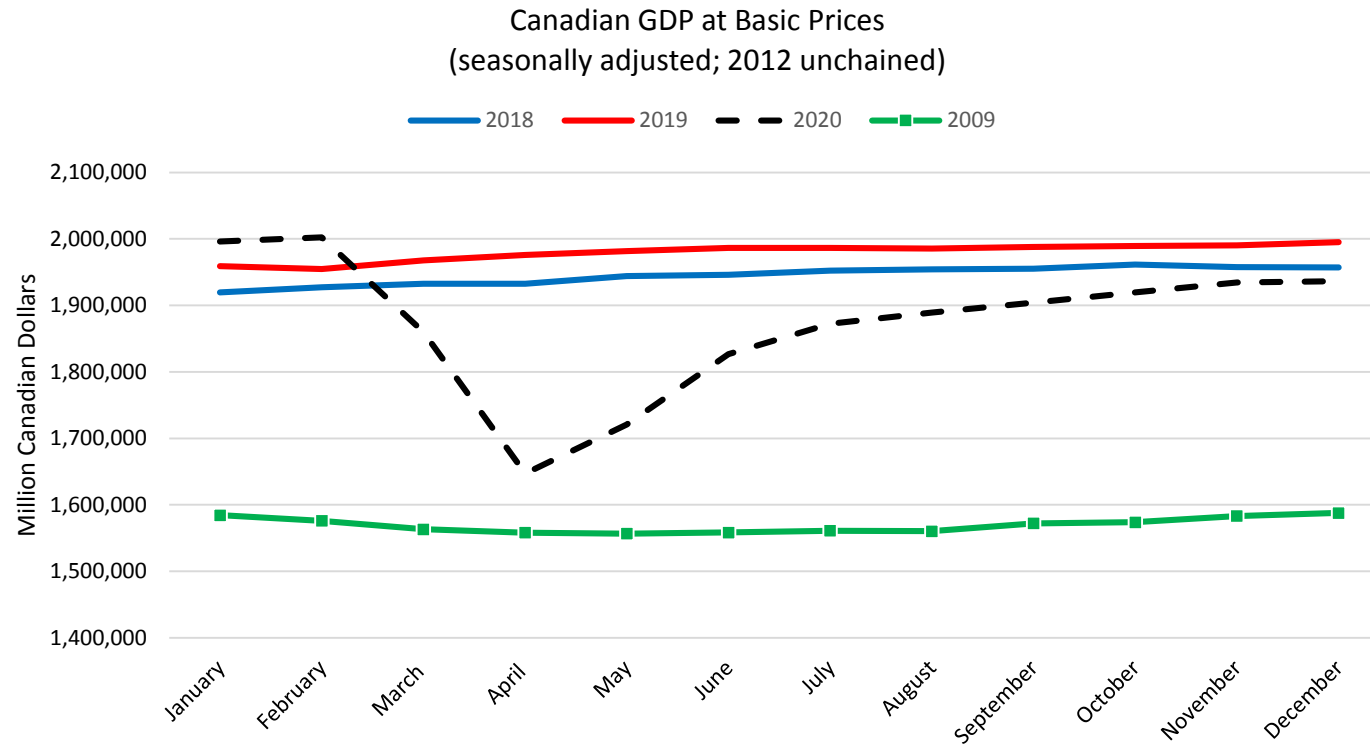
Brenna Grant

Canfax Research Services





GDP down 5.4% in 2020 and projected up 4.7% in 2021, but still down 0.7% from 2019



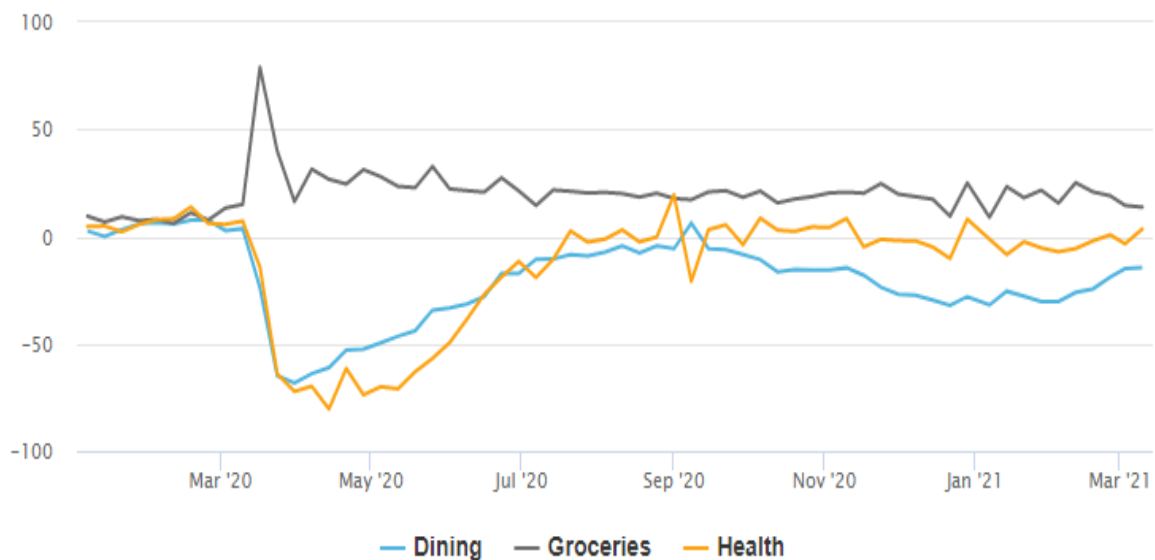
Source: [Statistics Canada](https://www150.statcan.gc.ca/n1/pub/54-627-x/2021001/article/00001-eng.htm)



Consumer spending firmly within retail versus food service

Dining spending down 14.5% March 10 (YoY)

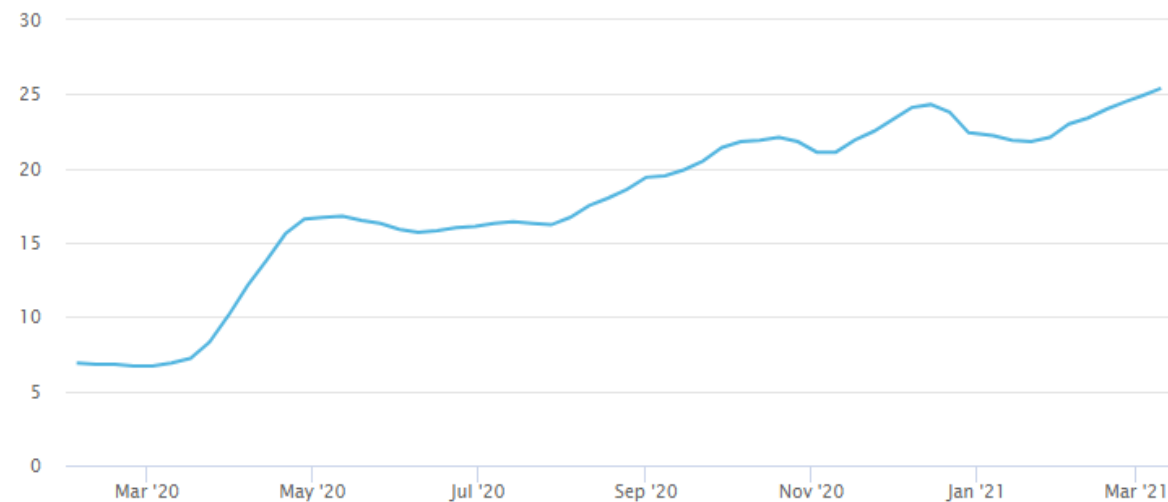
Grocery spending up 13.7%



Source: RBC Economics, RBC Data & Analytics

Online retail trend growing in Canada

Online share of groceries transaction volume, 5 week moving average, %

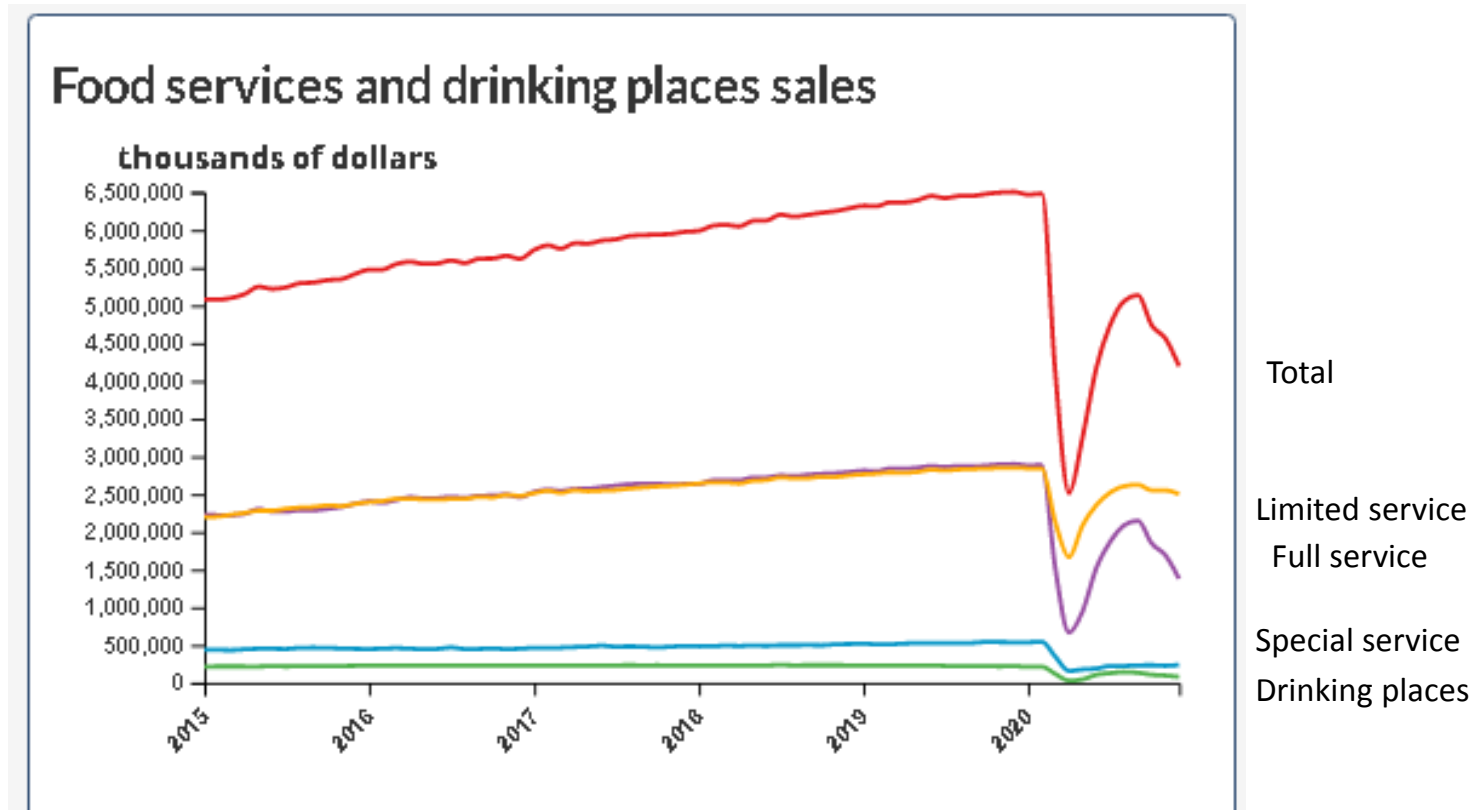


Source: RBC Economics, RBC Data & Analytics



Foodservice: *YoY contraction while MoM loses momentum*

- Sales November to December 2020 moved down 8%
- Limited service down 11.9% YoY (December)
- Full service down 52.2 % YoY (December)
- Special service down 54.7% YoY (December)

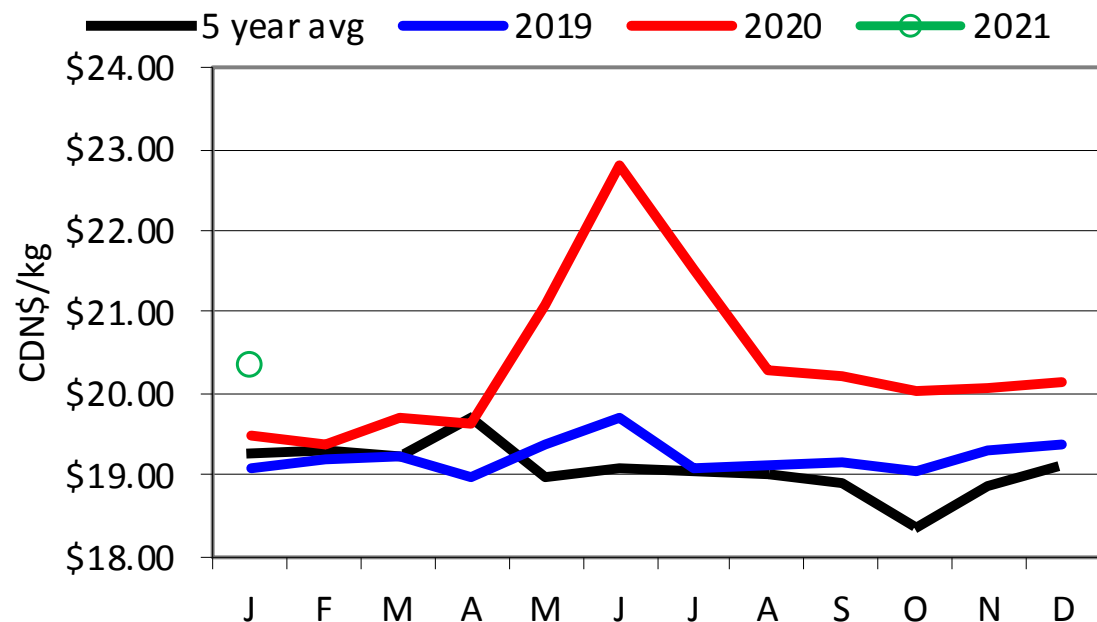


Source: [Statistics Canada](#)



Retail beef prices averaged \$20/kg in 2020; up 6% from LY and +5% from the five-year

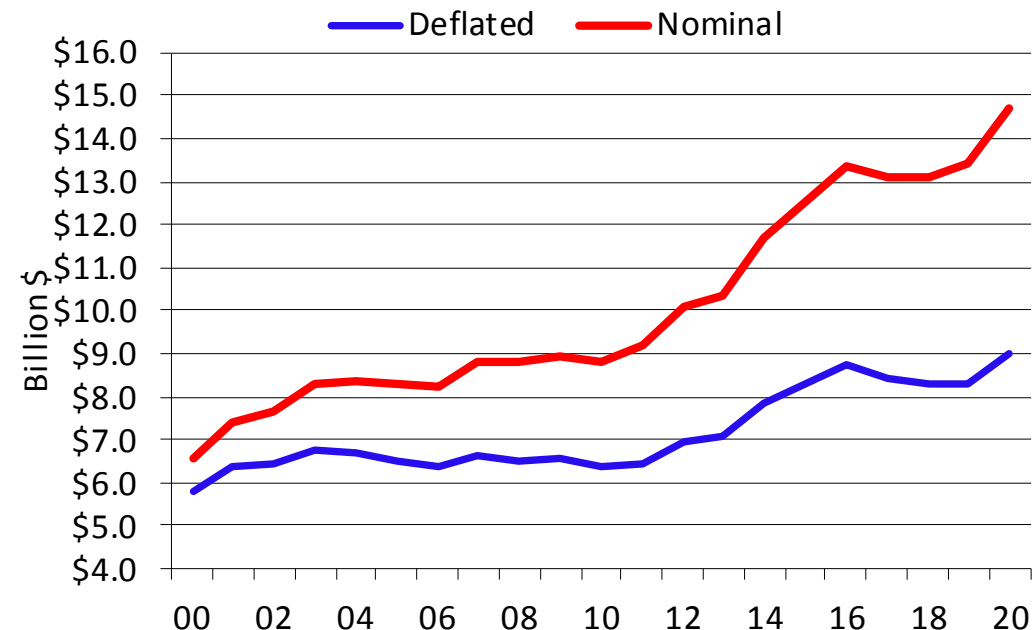
Retail Beef Prices (Not Deflated)



Source: Statistics Canada

Canadian Beef Expenditures

Domestic Disappearance * Retail Price

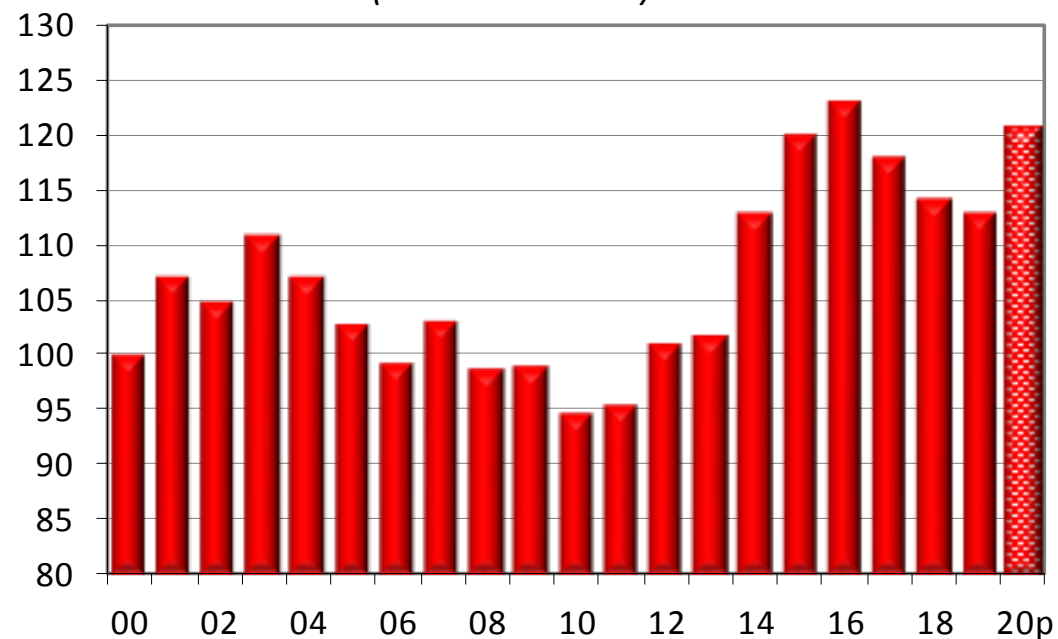


Source: Statistics Canada, CanFax



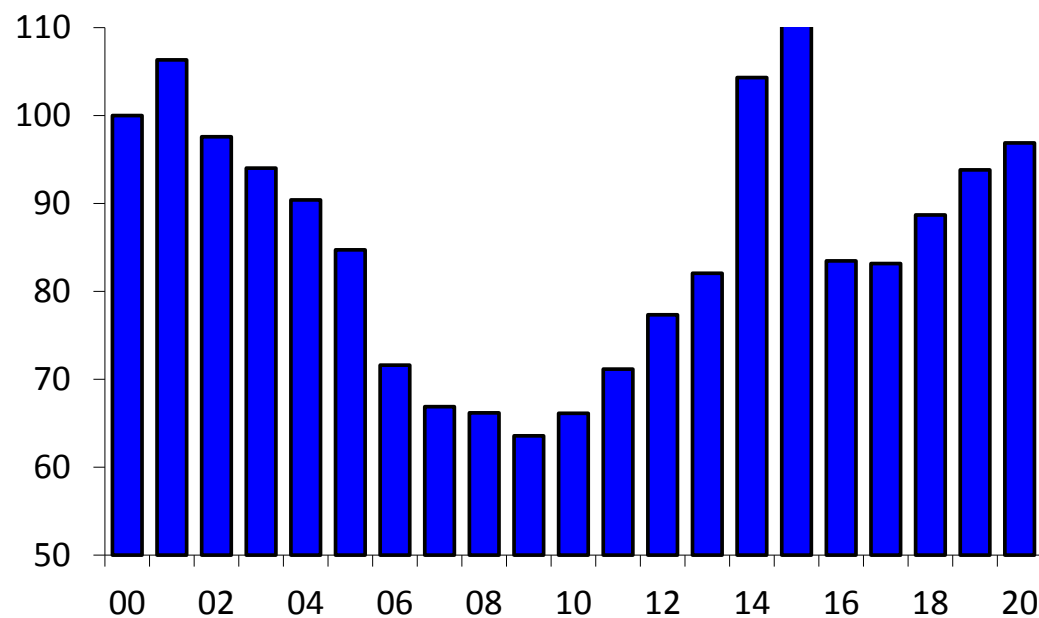
Demand Indices: Retail +6.8%; Wholesale +10.2%; International +3.3%

Canadian Retail Beef Demand Index
(Index 2000=100)



Source: CanFax Research

International Beef Demand Index
(2000=100)

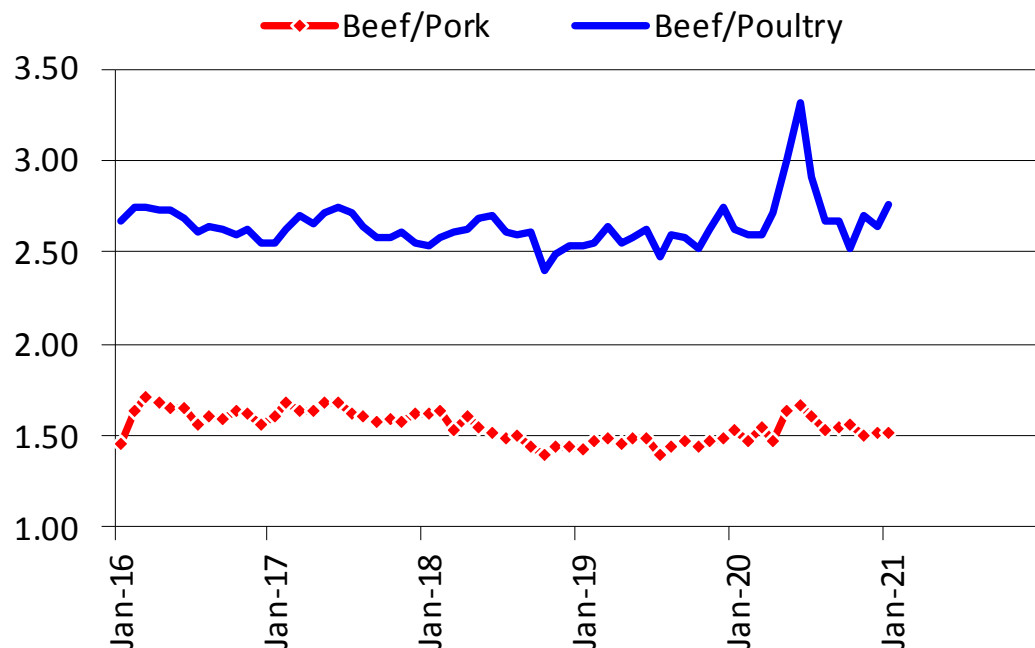


Source: Cranfield 2012, CRS



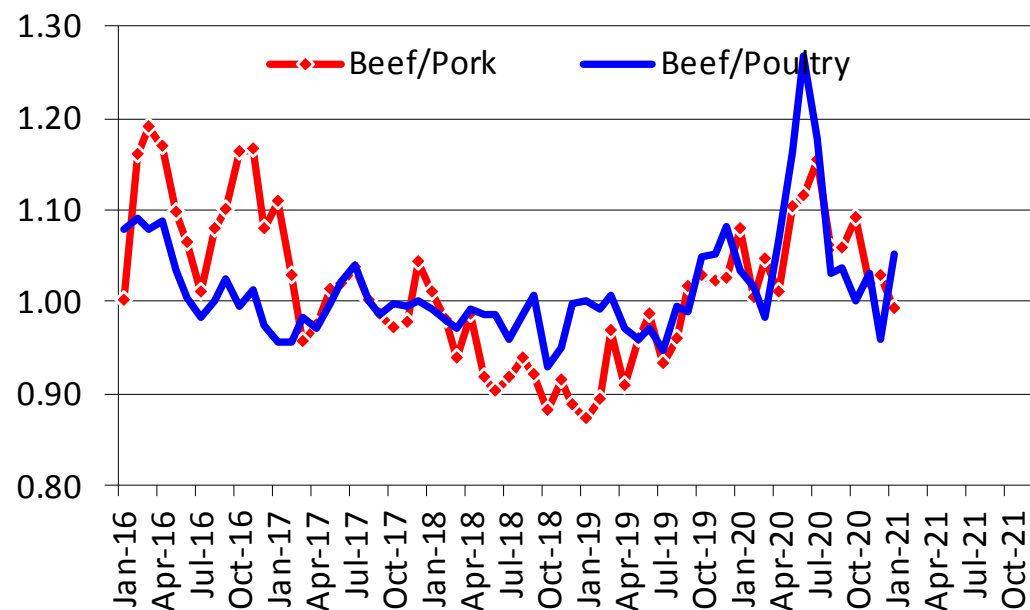
Price ratios are back in-line with year ago levels at the beginning of 2021

Retail Meat Ratios



Source: Statistics Canada

Retail Meat Ratios: Year Over Year Comparison



Source: Statistics Canada



CDN Red Meat supplies were up 0.7 kg/capita in 2020

Beef +1.9% and Pork +2.1%

Pork production was up 7.2% in 2020

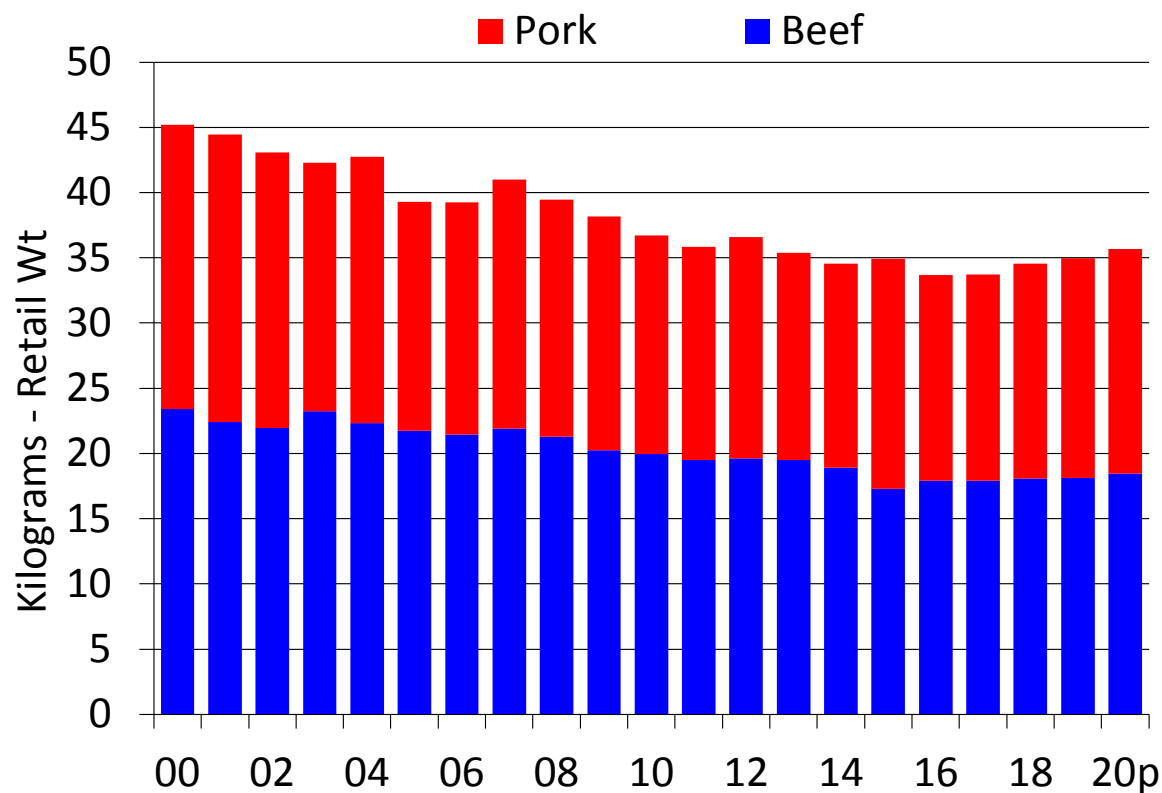
Pork Exports +11.5%

Pork Imports +6.8%

Net Supplies +2.1%

Red Meat supplies the largest since 2015; but well below historical levels

Red Meat Consumption



Source: Statistics Canada



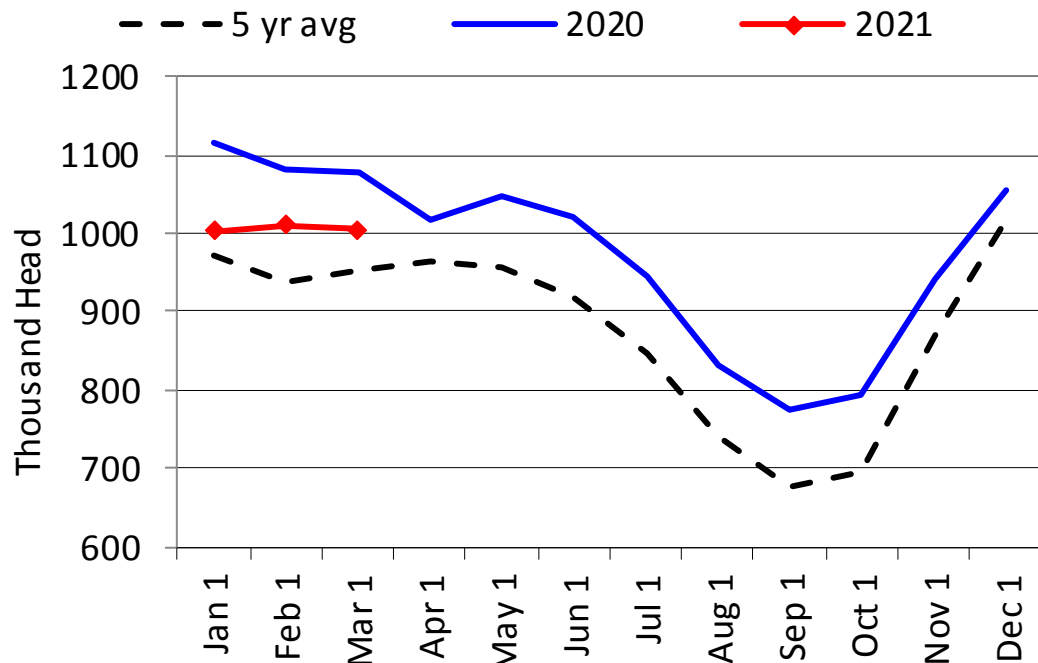
Supply Outlook





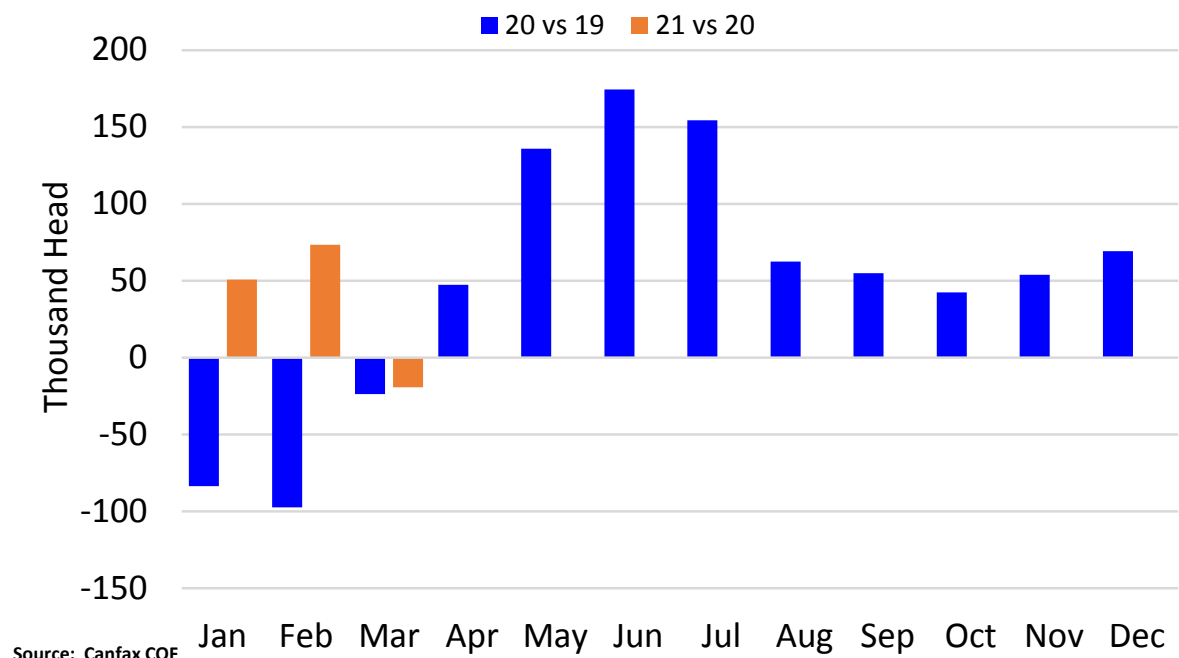
Mar 1 COF down 7% from year ago (72K head) Cattle on Feed 120+ days up 19,000 head from 5yr avg

Alberta and Saskatchewan
Cattle on Feed



Source: Canfax COF

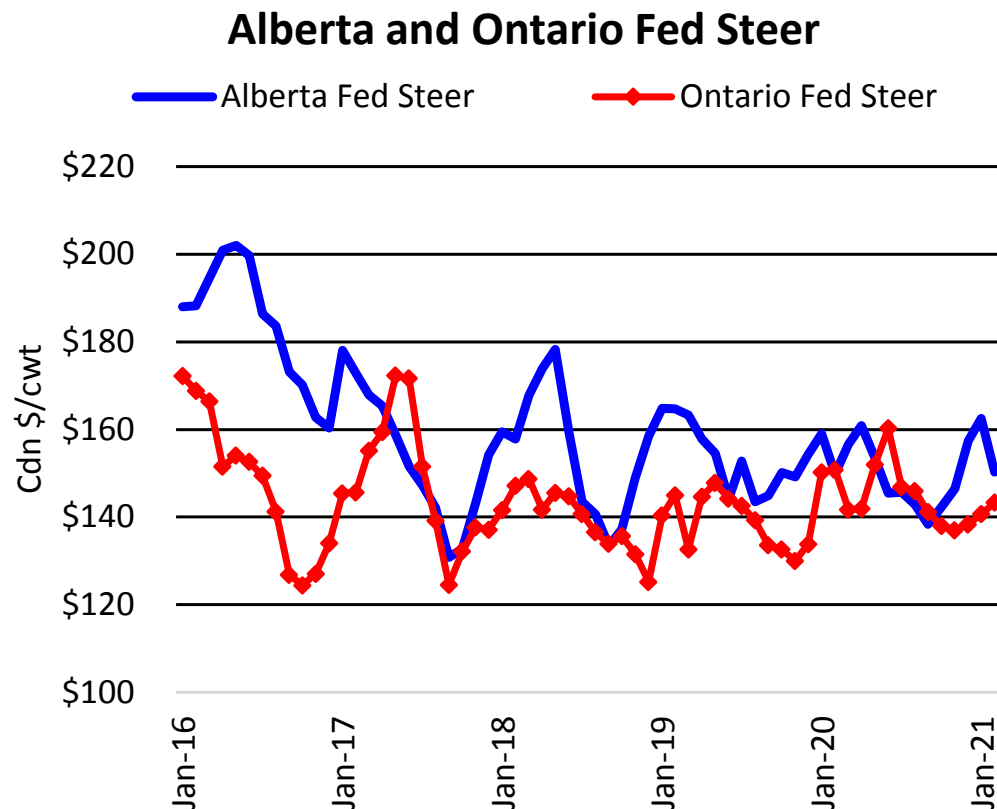
Alberta and Saskatchewan Cattle on Feed 120+ Days



Source: Canfax COF



AB fed price \$6/cwt discount to ON in 2020



Source: Canfax

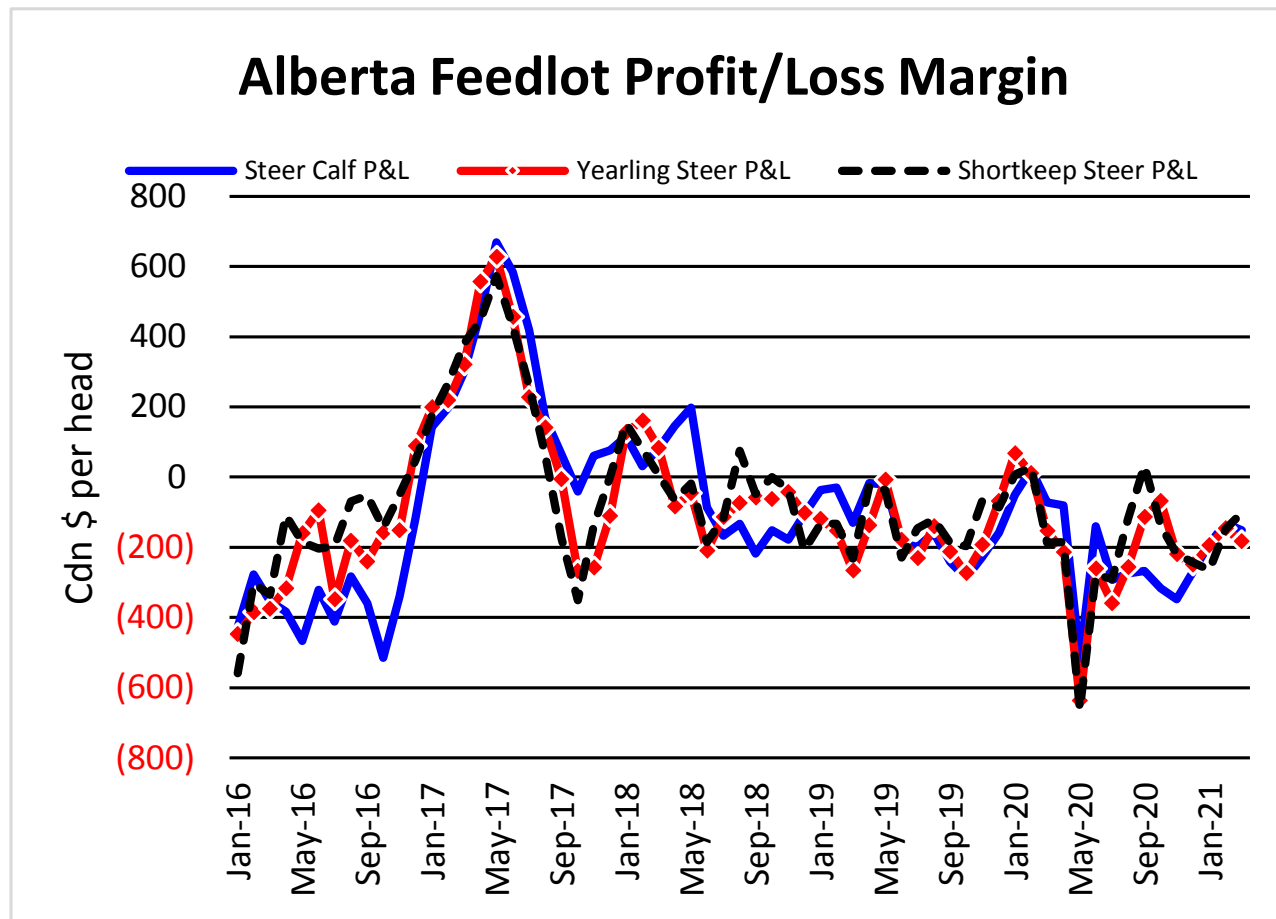
AB fed price was at a \$1-\$27/cwt discount to ON from February to November 2020.

AB fed prices back to a \$2-8/cwt premium in December to February 2021.



Feedlot Margins disappointing...

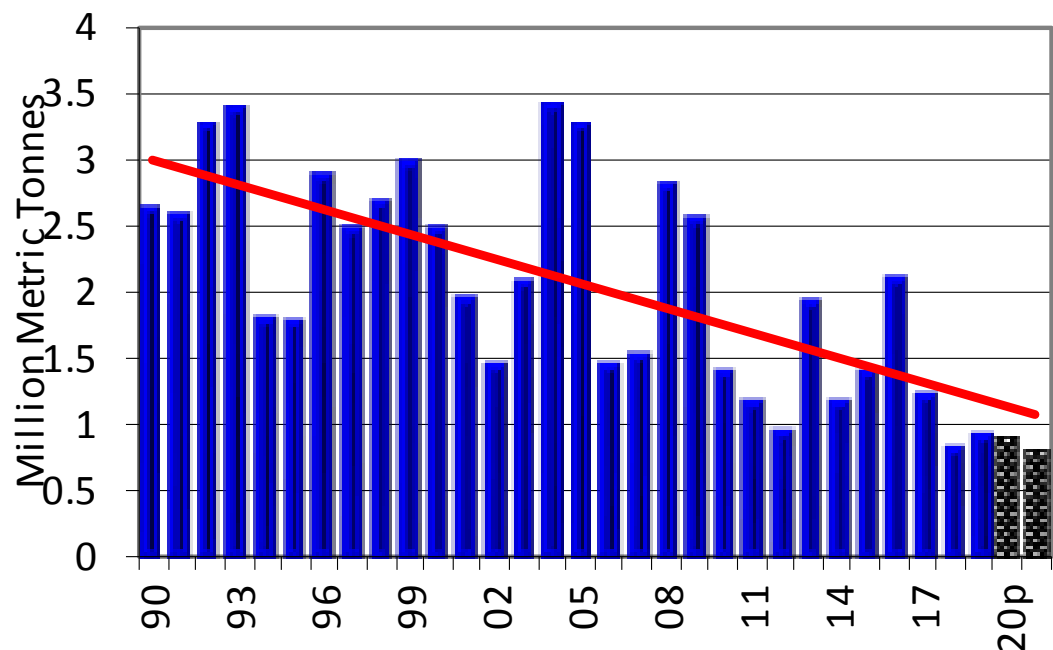
Cash settlements have been in the red since March 2020



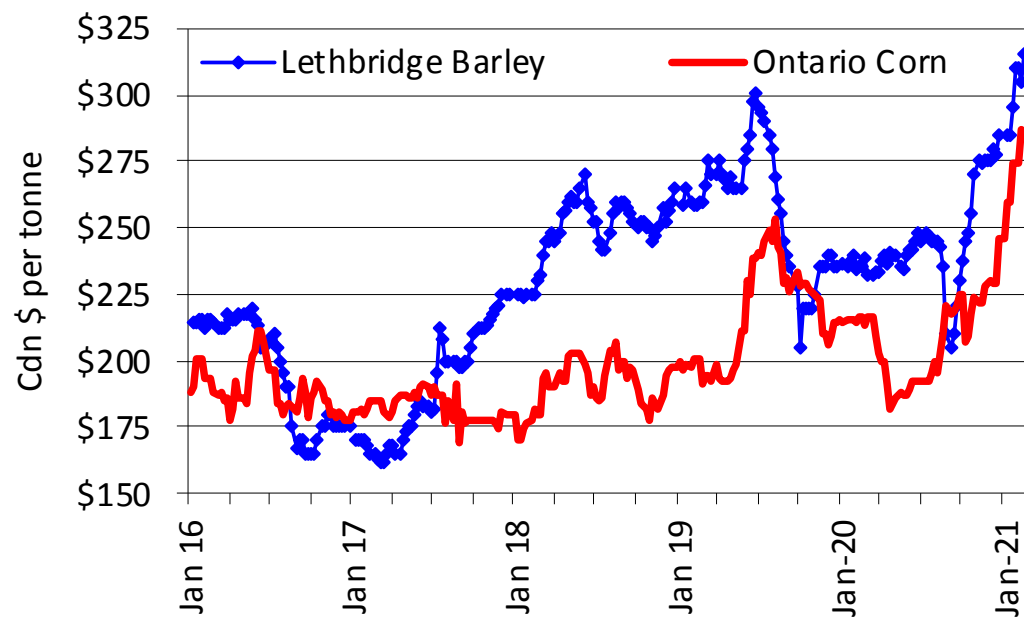


Feed prices: *in March 2021 Barley \$320/tonne
On Corn \$280/tonne; NE Corn CDN\$277/tonne*

Canadian Barley Ending Stocks



Alberta Barley vs Ontario Corn Price



Source: Alberta Ag, OCA

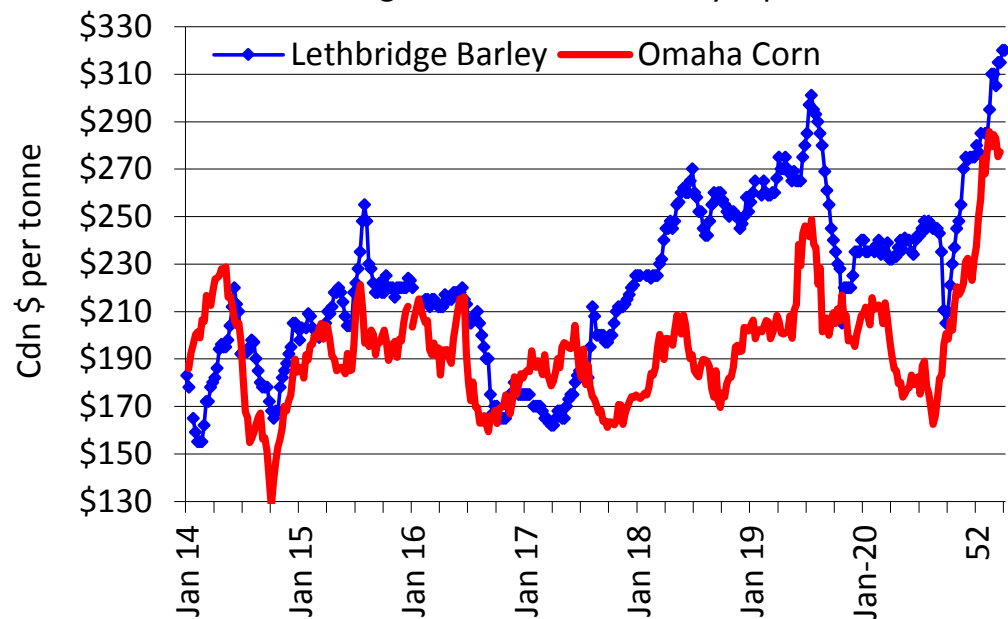
Source: AAFC, Statistics Canada



Feeder basis was strong in Q1, 2021

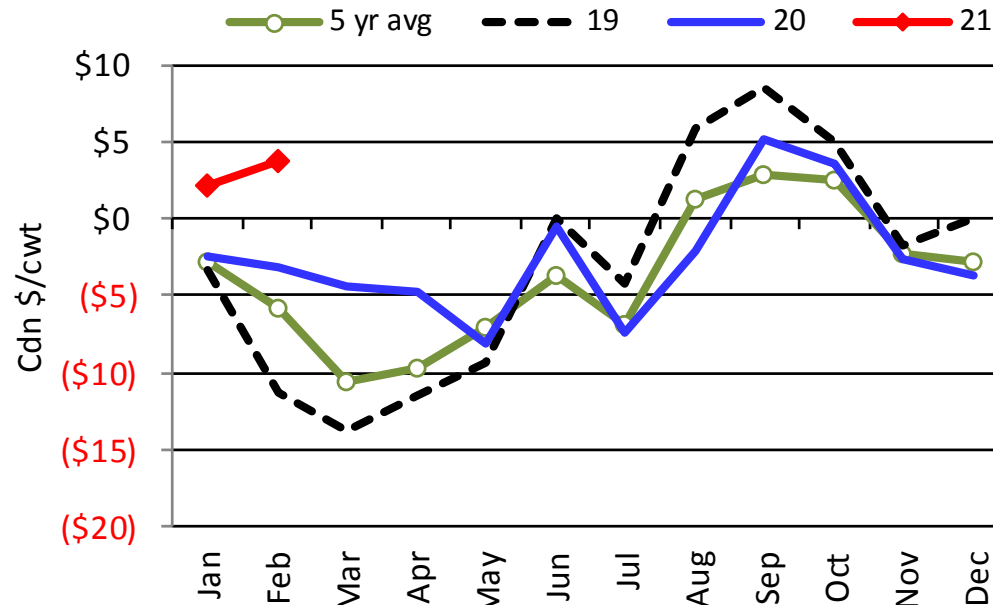
Feed Grain Prices

Lethbridge and Omaha in barley equivalents



Source: Alberta Ag, OCA

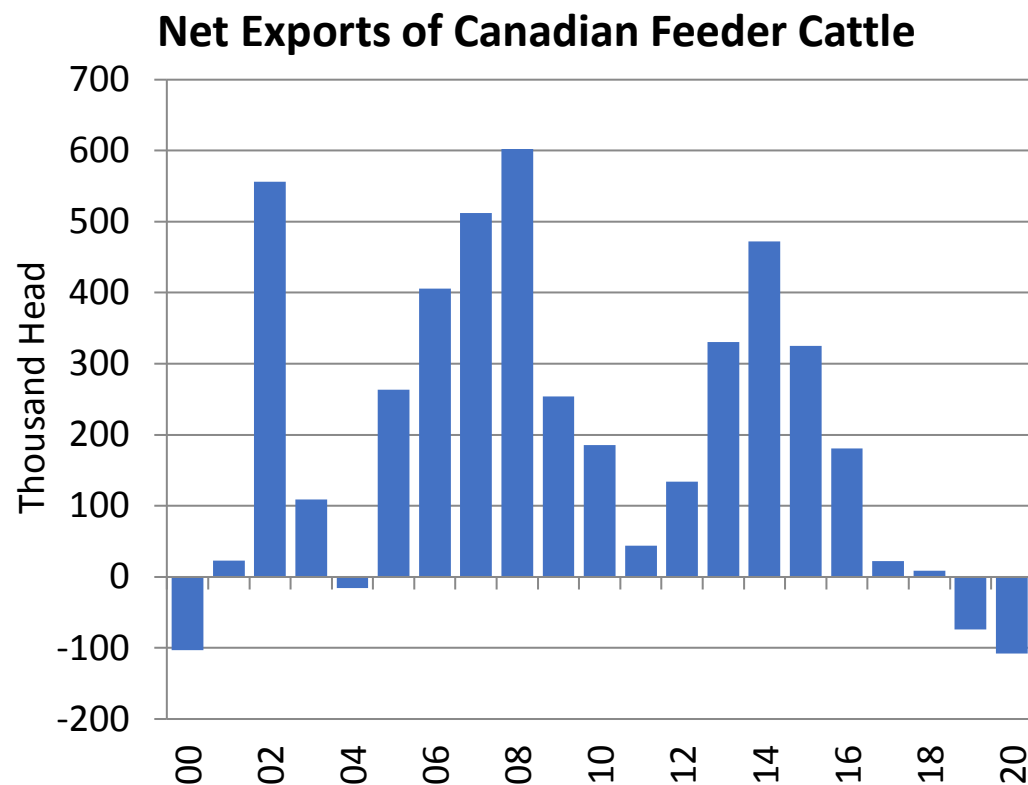
Alberta Feeder Basis, 850 lb Steer



Source: Canfax



CDN feeder exports -14% to 157,000 head US feeder imports +3% to 265,000 head



Source: Statistics Canada

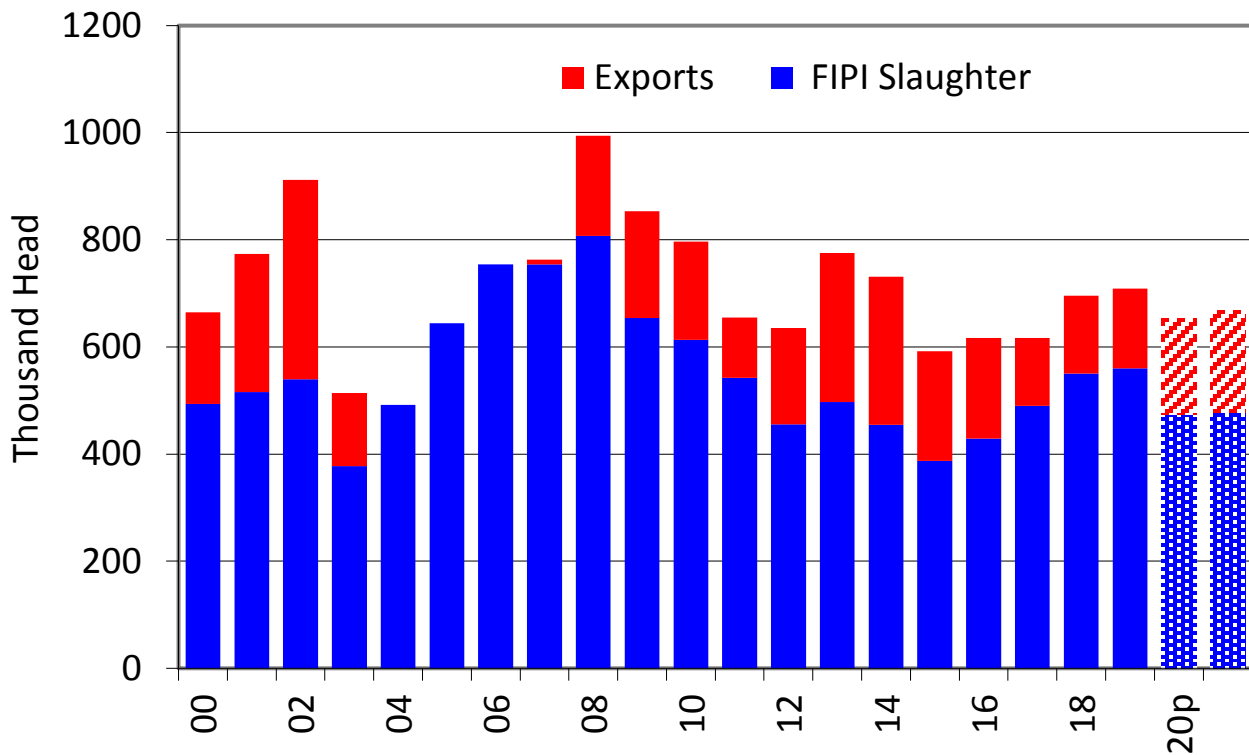
Net Importer by
108,000 head

Imports surpassed
previous high of
257,000 head made
in 2019. Despite the
feed cost
disadvantage.

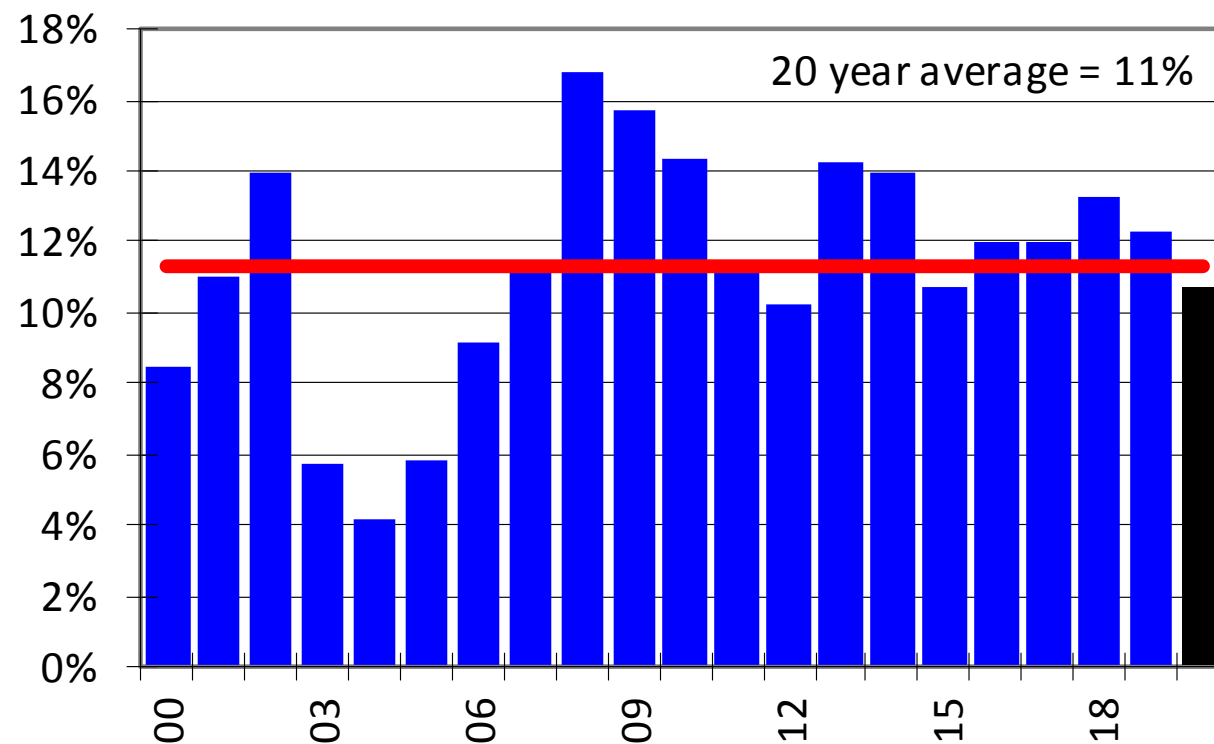


Cow marketings -10%; Culling rates drop to 10.7%

Canadian Slaughter Cow Marketings



Canadian Beef Cow Culling Rate



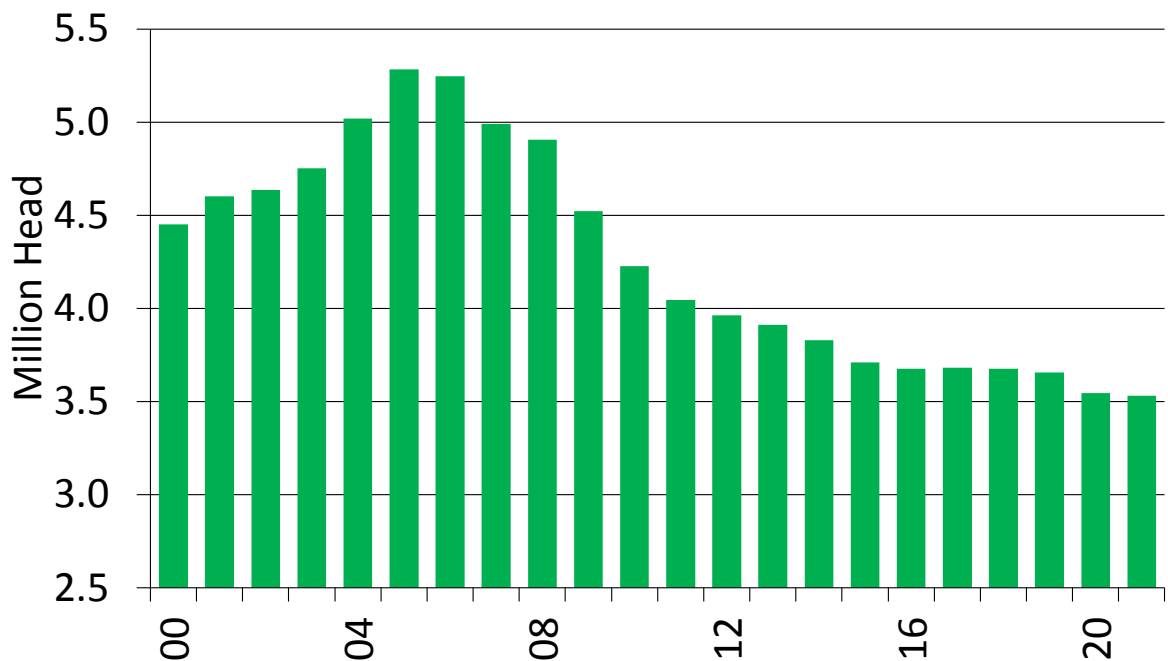
Source: Canfax Research

Source: CBGA, AAFC, Statistics Canada



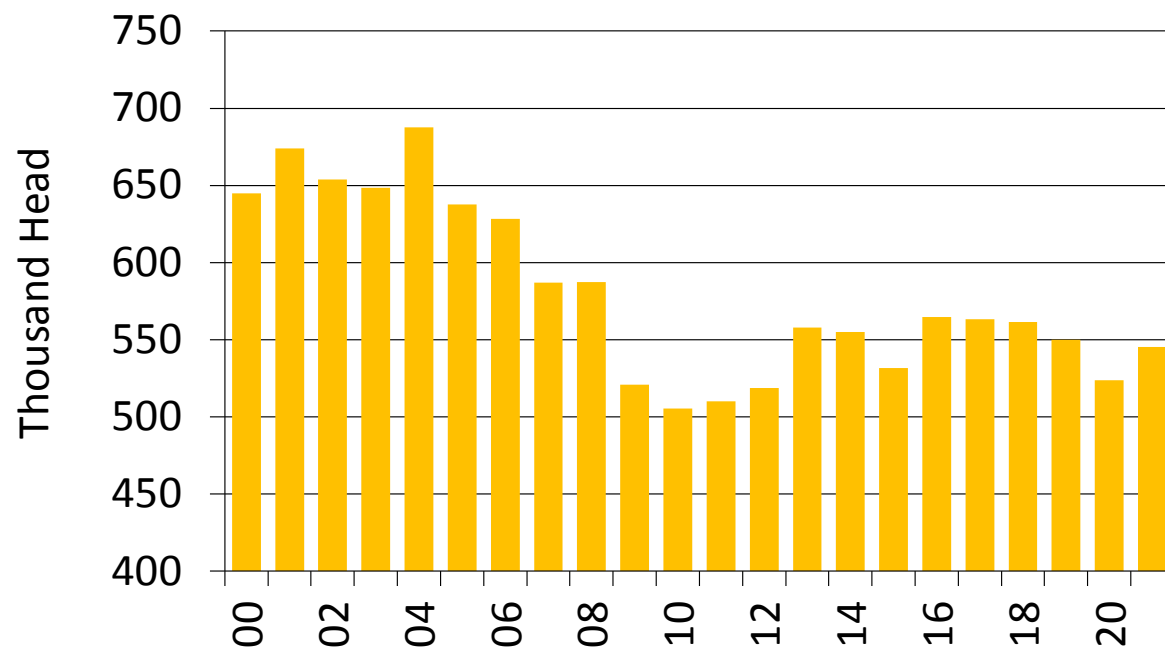
January 1st Beef cows -0.4%; Breeding heifers +4.1% overall +0.2% or 9,000 head

Canadian Beef Cow Numbers January 1



Source: Statistics Canada

Canadian Beef Heifers (Breeding) January 1

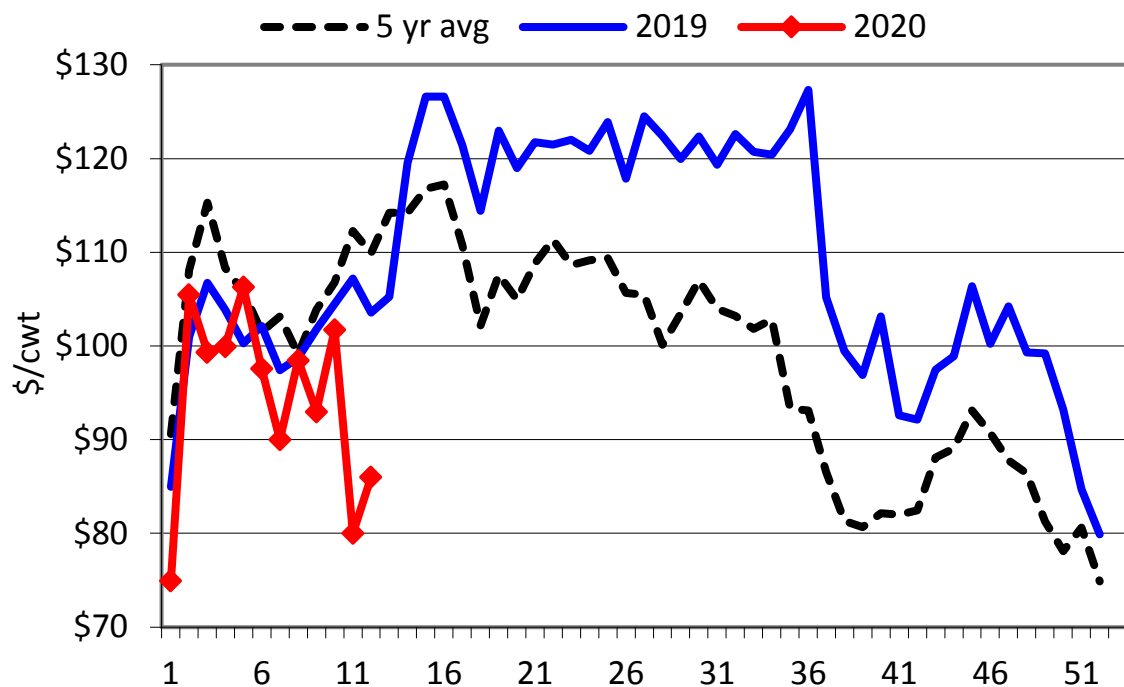


Source: Statistics Canada



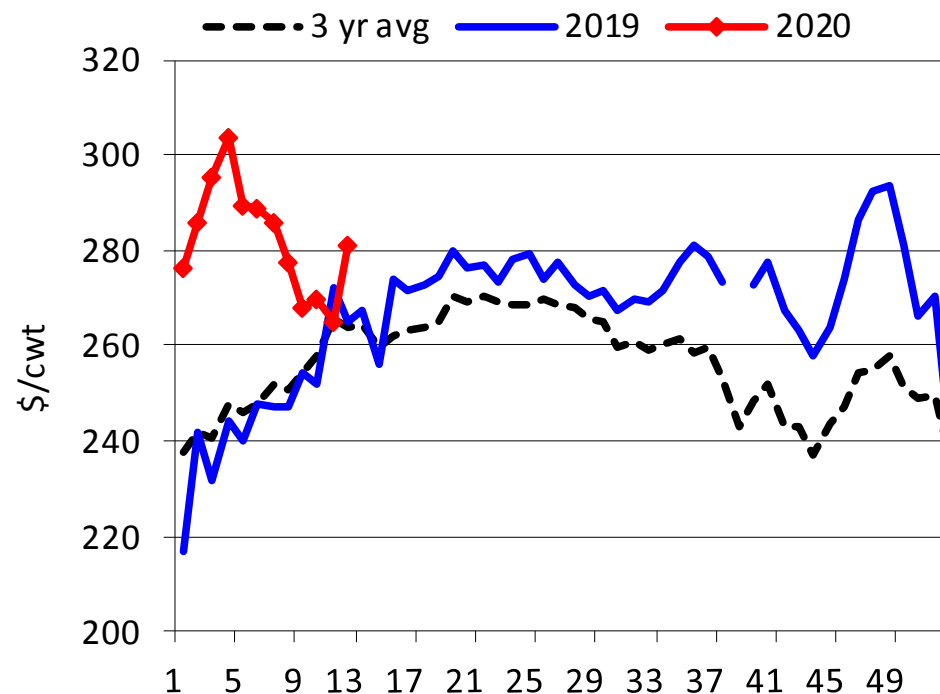
Trim prices: *driven by foodservice demand*

Weekly 50% Fresh Trimmings



Source: AAFC, Canfax

Weekly 85% Fresh Trimmings



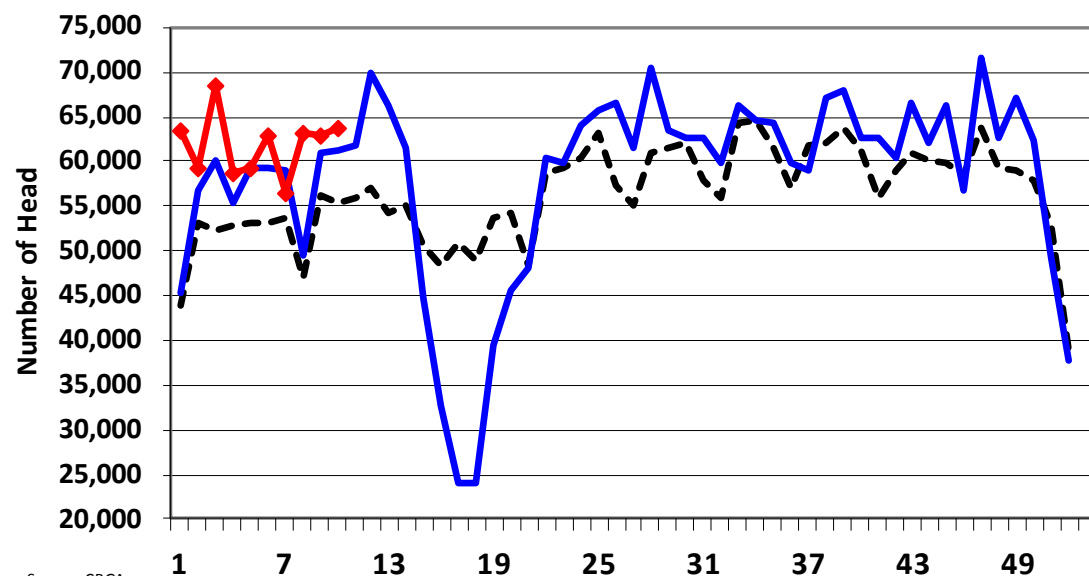
Source: CMC, CanFax



YTD slaughter +9%, Carcass weight +2%, production +12%

Canadian Weekly F.I. Slaughter

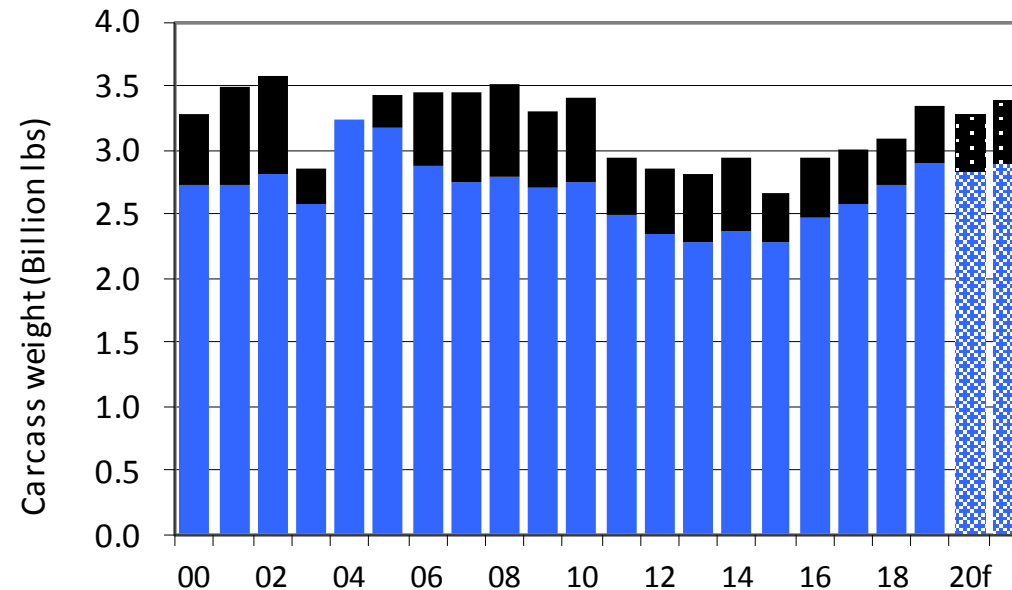
--- 5 yr avg — 2020 —◆ 2021



Source: CBGA

Canadian Beef Production

■ Live Slaughter Exports ■ Domestic Slaughter



Source: Canfax Research



PORTS



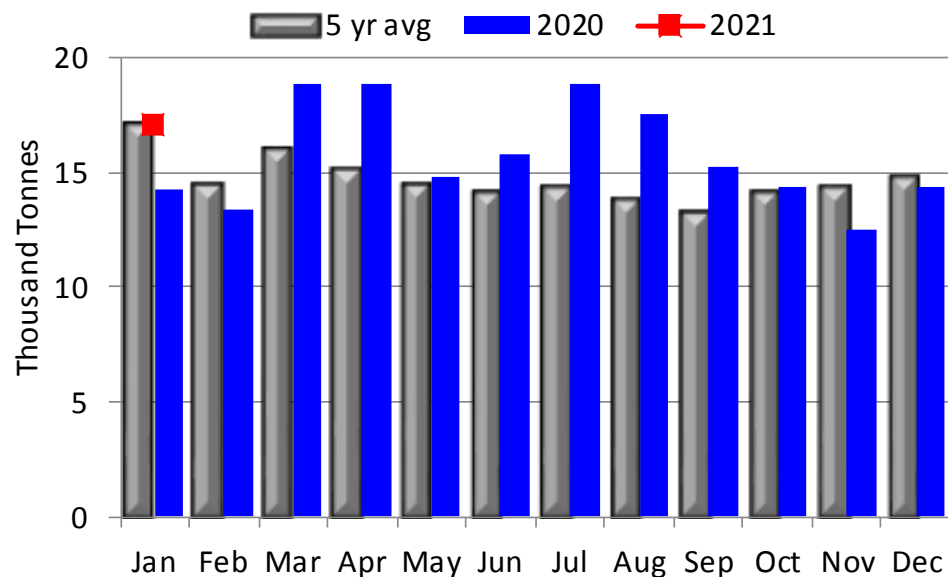
Beef Imports & Exports





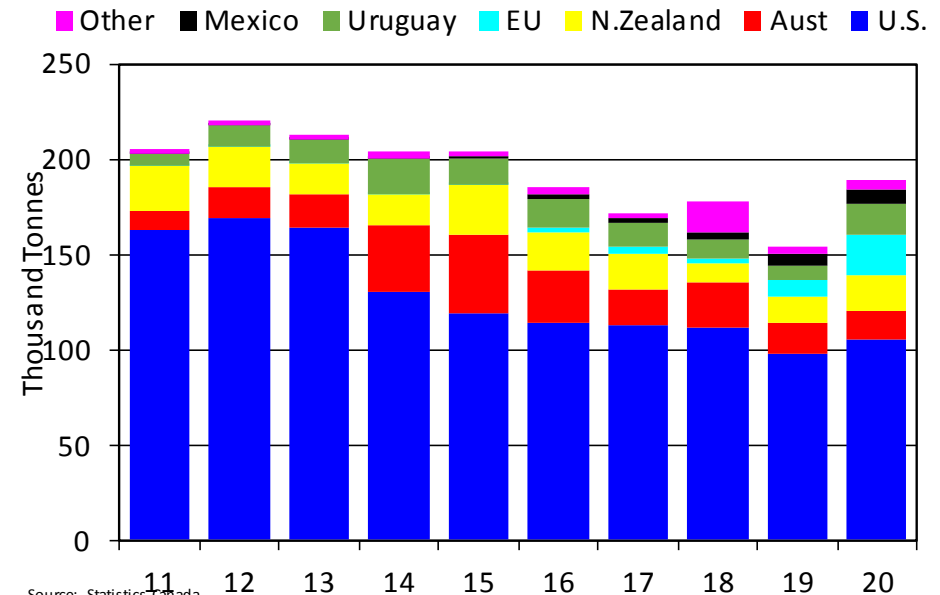
2020 imports up 23% in volume at 189,000 tonnes, 5.7% above the five-year average

Canadian Monthly Beef and Veal Imports



Source: Statistics Canada

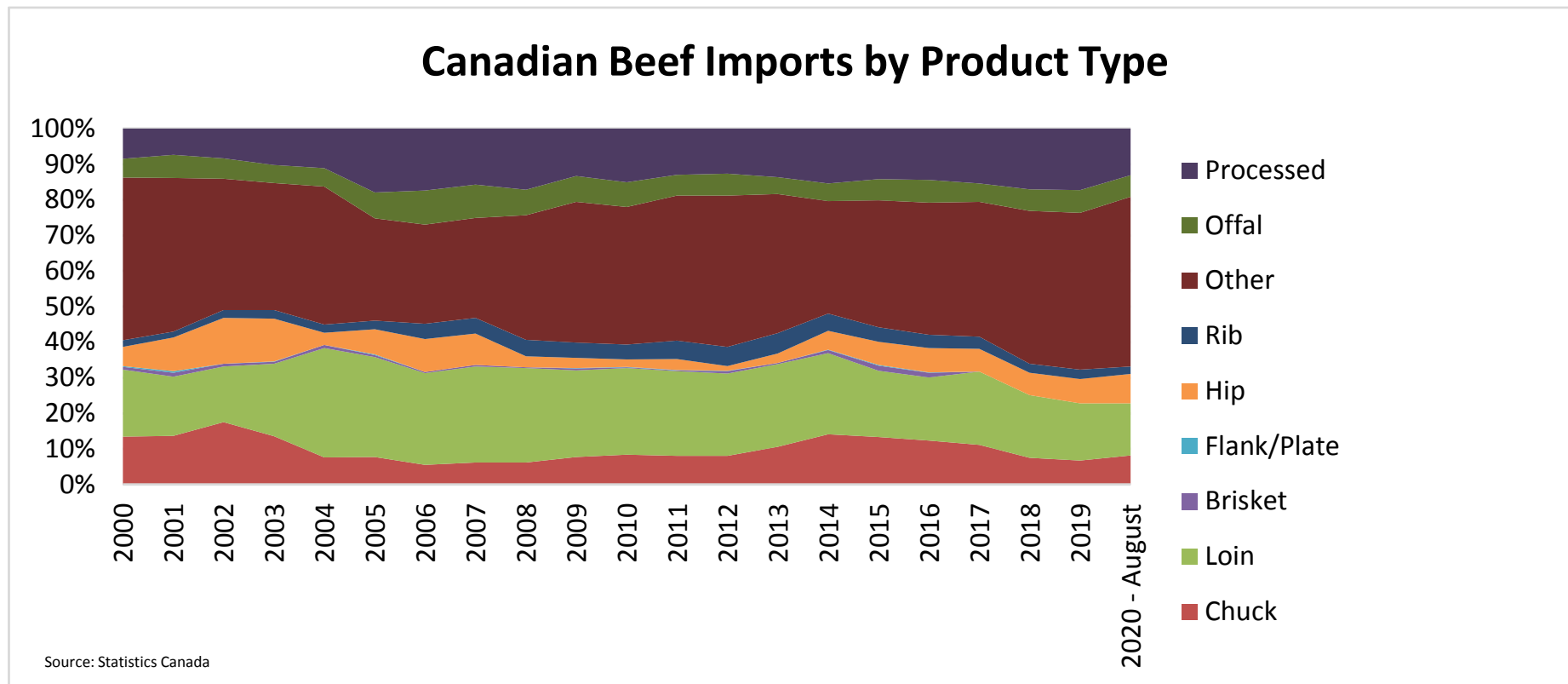
Canadian Beef Imports



Source: Statistics Canada



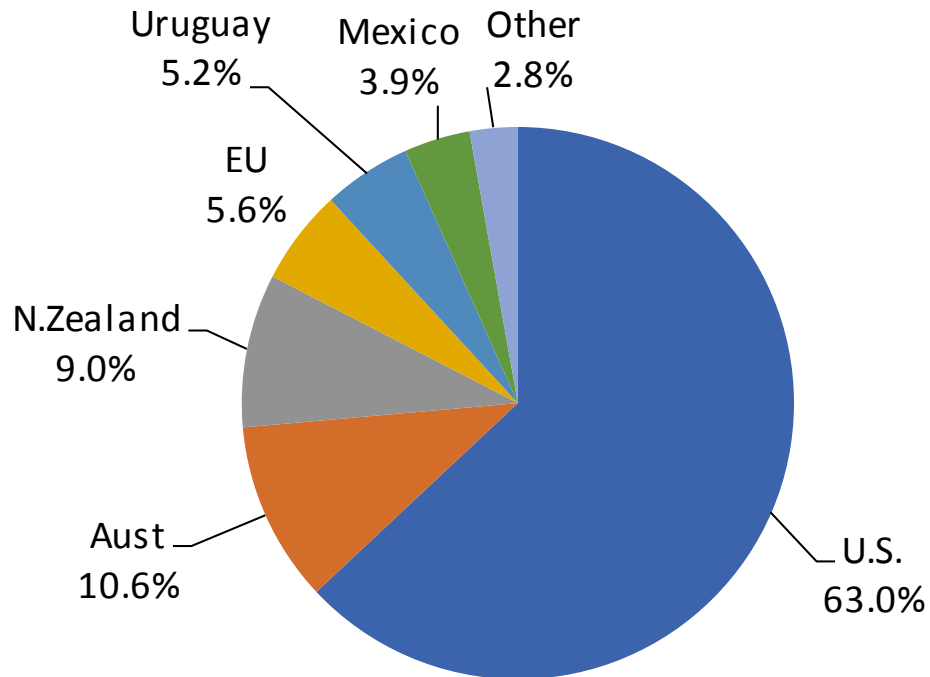
Other Cuts make up ~40% of imports





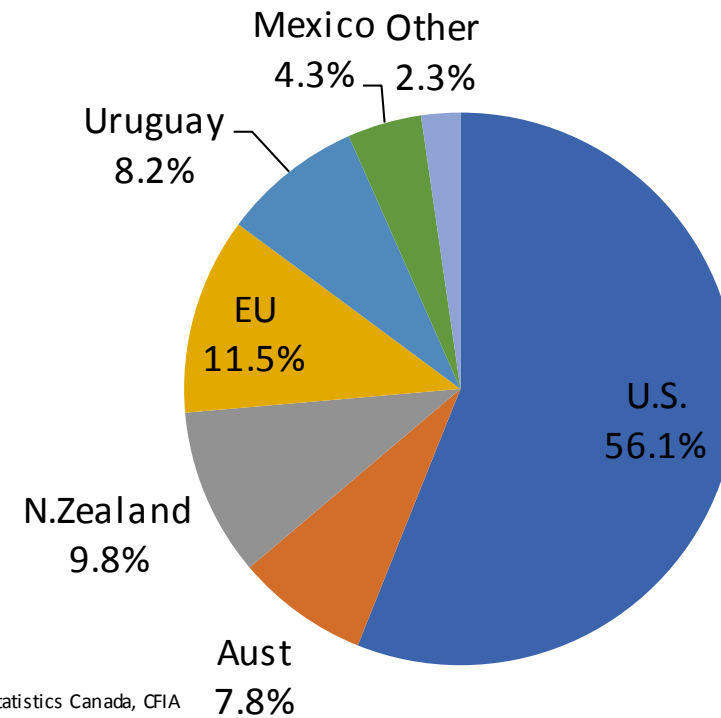
Shifting Import Suppliers

Canadian Beef Imports 2019



Source: Statistics Canada, CFIA

Canadian Beef Imports 2020



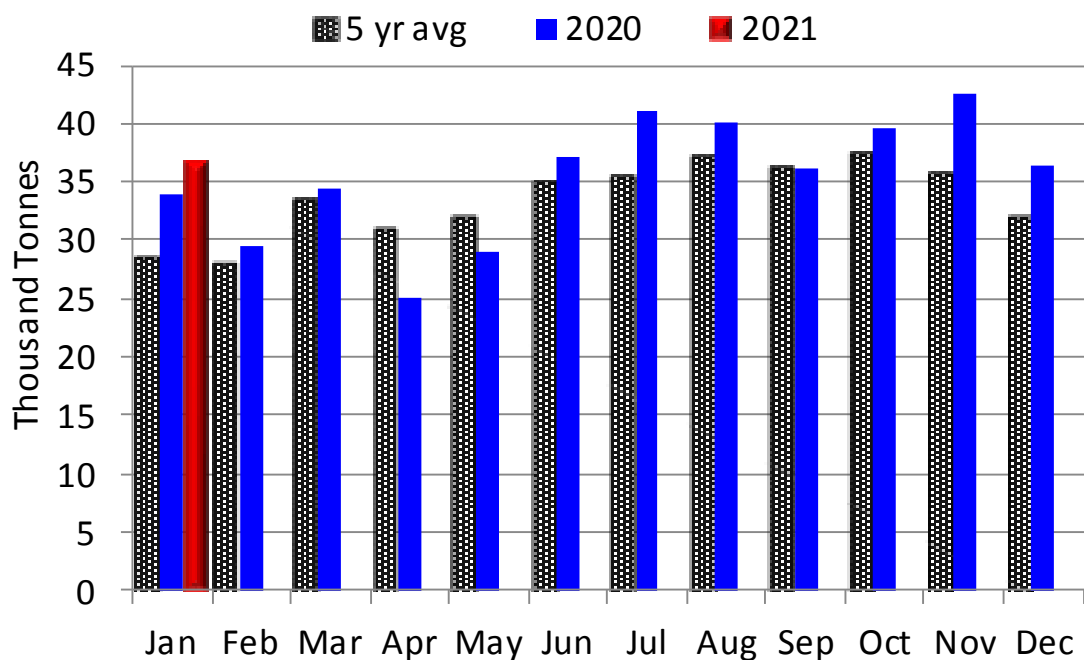
Source: Statistics Canada, CFIA



Canadian beef exports -3% in volume and +1.2% in value

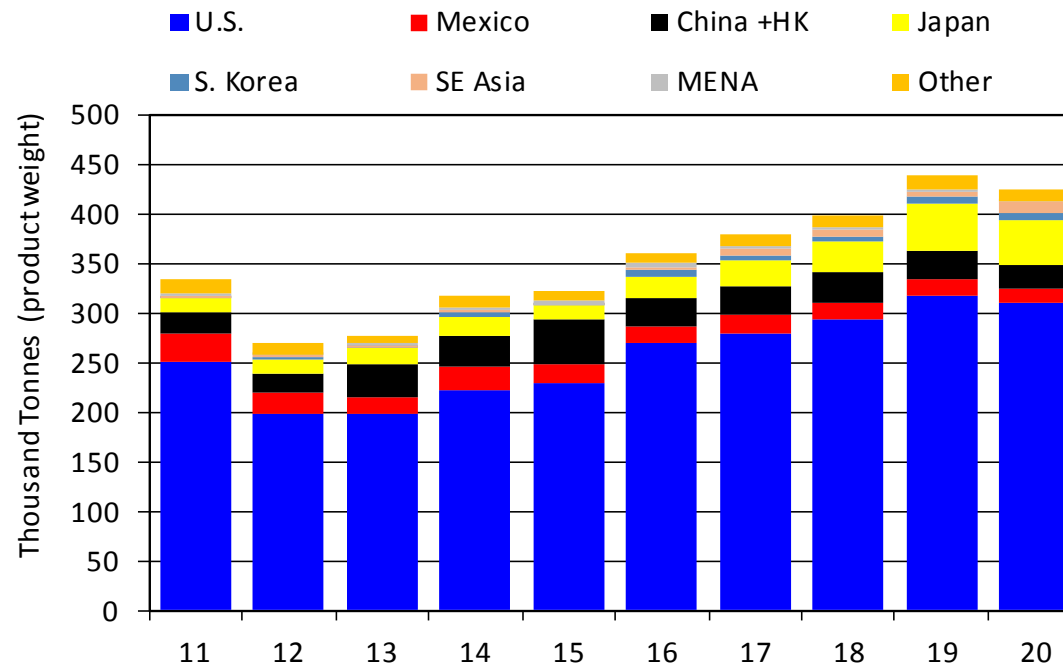
In January, beef exports were up 9% in volume and 6.8% in value

Canadian Monthly Beef and Veal Exports



Source: Statistics Canada

Canadian Beef Export Volume

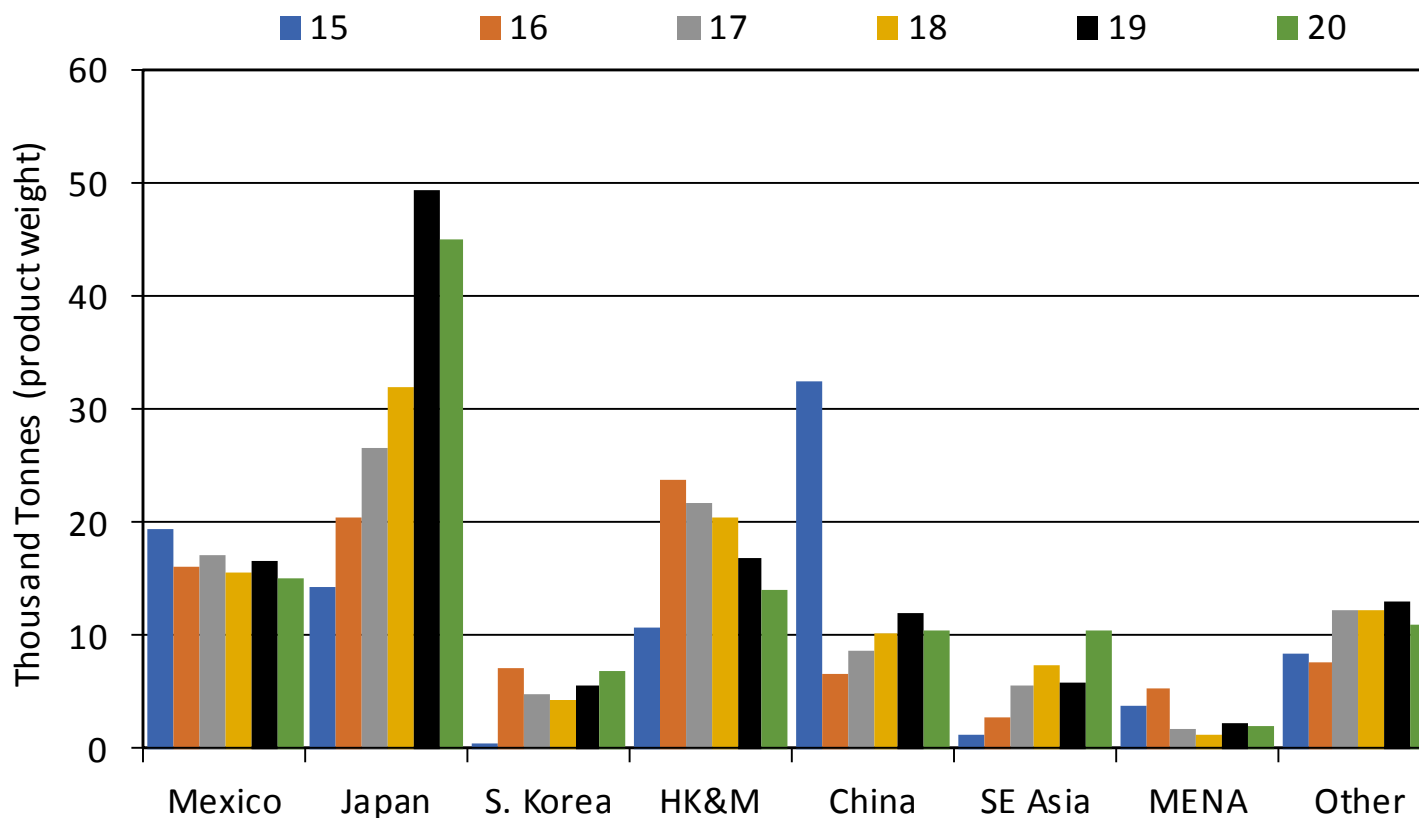


Source: Statistics Canada, CFIA



International demand +3.3% in '20 after being +6% in '19.

Canadian Beef Export Volume



Top Markets:

1. US 73%
2. Jap 11%
3. China/HK 6%
4. Mex 4%

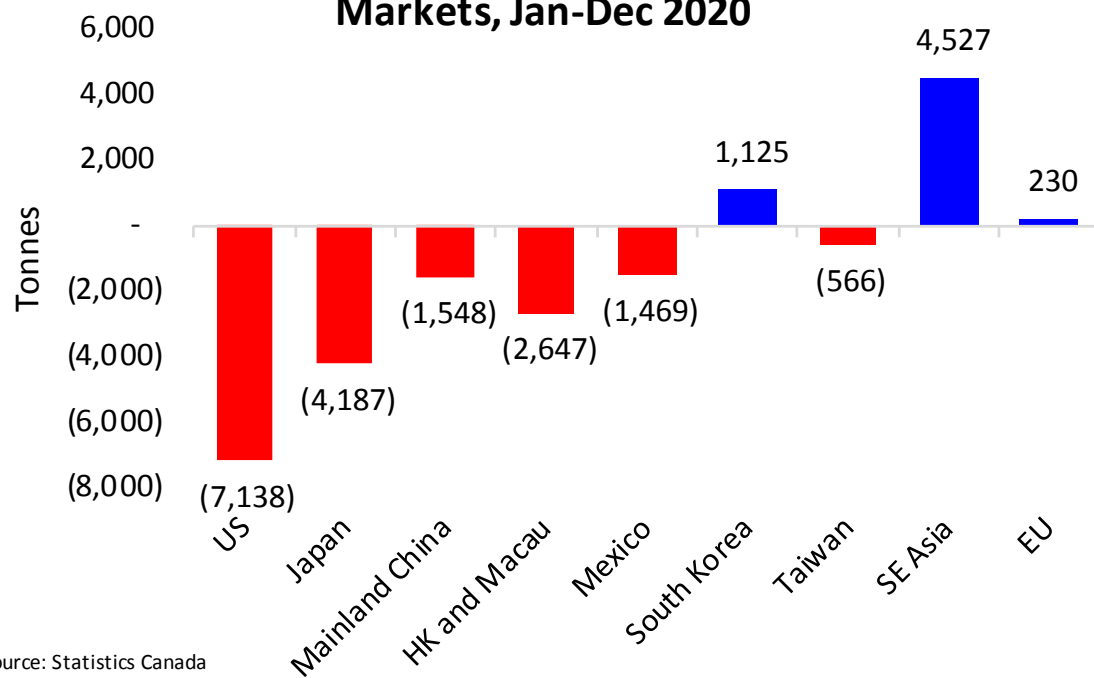
Source: Statistics Canada, CFIA

VOLUME: US -2.3%, JP -8.5%, HK -15.7%, MX -8.8%, CN -12.8%, SK +19.9%



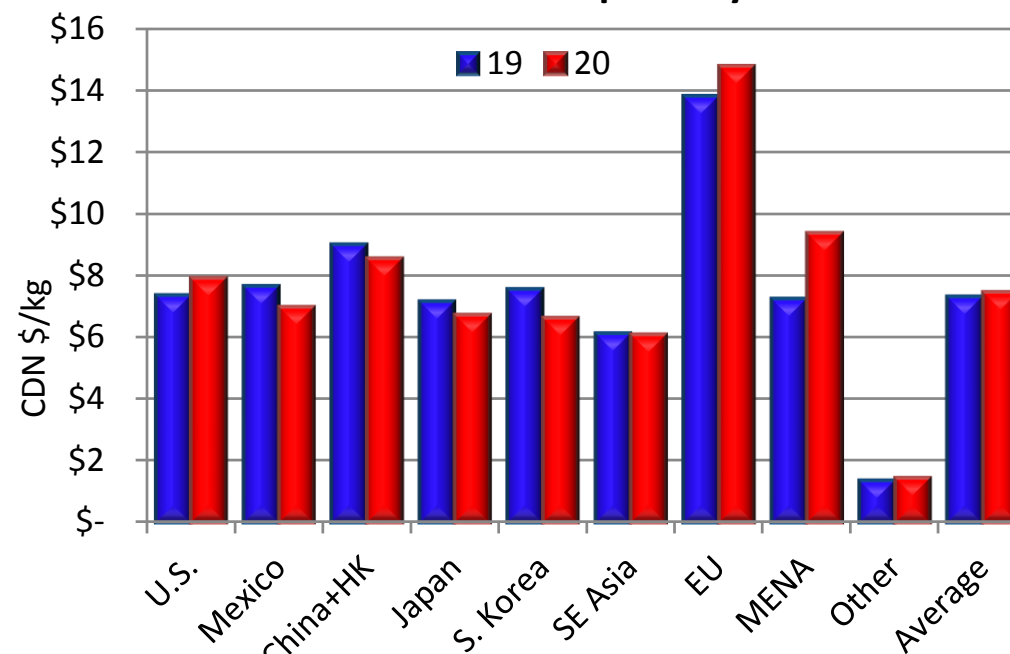
Slight increase in the per unit export price

Year over Year Change in Export Volumes to Major Markets, Jan-Dec 2020



Source: Statistics Canada

Per Unit Value of Exports by Destination



Source: Statistics Canada, CFIA



Thank-you

